

Fuel Taxes:

A State-by-State Comparison

December 2003



The 18th amendment to the Washington State Constitution dedicates motor fuel tax collections to “highway purposes.”



**Washington State
Department of Transportation**

Strategic Planning and Programming

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December 31, 2003

This State-by-State Fuel Tax Comparison report is published with the intent to assess and compare Washington's fuel tax to that of the other 49 states and the District of Columbia. Throughout the country, state and local governments impose a variety of cents-per-gallon taxes and taxes based on the retail or wholesale price of fuel. Some states also impose other environmental or business taxes that translate into cents-per-gallon charges at the pump. To determine how Washington compares, the Washington State Department of Transportation semi-annually analyzes data from other states to learn what taxes are imposed on fuel used by cars and trucks traveling on the nation's roads.

This is the first fuel tax report published reflecting Washington State's 5¢ gas tax increase passed by the 2003 Legislature and implemented July 1, 2003. For the second six months of 2003, Washington's fuel taxes are 4.59¢ above the national average. The national average state and local gasoline tax rate for this six-month period is 23.41¢ per gallon. Washington's 28¢ tax rate is now similar to the other western states (California 31.1¢, Oregon 27.0¢, Nevada 33.8¢, Idaho 25.0¢, and Montana 27.75¢) but still lower than states with congestion problems similar to ours (New York 31.8¢, California 31.1¢, and Florida 29.47¢). The findings also illustrate the complexity of fuel tax structures nationwide.

This update of *Fuel Taxes: A State-by-State Comparison* reveals only minor changes from the previous report and covers the period from July 1, 2003 through December 31, 2003. Because of Washington State's July 1, 2003 5¢ increase, Washington's ranking has now moved up to 9th among the 50 states and the District of Columbia for combined state, federal, and local gasoline taxes. A majority of the states (33) have combined fuel tax rates that fall within the 20¢ to 30¢ range, seven states fall into the 30¢ to 40¢ range, and the remaining eleven have combined fuel tax rates under 20¢.

Since the June 2003 report, eleven states have had changes to their fuel tax rates. The accompanying table details the states, the change and the reason for change.

The information in this report is gathered primarily from the *Commerce Clearing House (CCH) State Tax Guide, Statute Summaries*. In addition, data was supplemented with information supplied by individual states and telephone interviews with officials in selected states.

| States that Experienced Increases | | |
|-----------------------------------|--------|---|
| State | Change | Reason for Change |
| Maine | 2.50¢ | Change in Legislation |
| Ohio | 2.00¢ | Change in Legislation |
| Washington | 5.00¢ | Change in Legislation |
| California | 0.02¢ | Increase in average US retail price of fuel causing sales tax amount to increase slightly |
| Georgia | 0.02¢ | Increase in average US retail price of fuel causing sales tax amount to increase slightly |
| Hawaii | 0.01¢ | Increase in average US retail price of fuel causing sales tax amount to increase slightly |
| Indiana | 0.01¢ | Increase in average US retail price of fuel causing sales tax amount to increase slightly |
| Iowa | 0.20¢ | Annual proportionment formula adjustment |
| North Carolina | 0.80¢ | Increase to the wholesale tax component |
| Virginia | 0.01¢ | Increase in average US retail price of fuel causing sales tax amount to increase slightly |

| States that Experienced Decreases | | |
|-----------------------------------|--------|-------------------------------------|
| State | Change | Reason for Change |
| New York | -0.30¢ | Quarterly sales tax rate adjustment |

State-by-State Combined State and Local Fuel Tax Rate Comparison December 2003

